

Pensions&Investments

This copy is for your personal, non-commercial use only. Reproductions and distribution of this news story are strictly prohibited.

- [View reprint options](#)
- [Order a reprint article now](#)

Appeals court upholds dismissal of Fidelity float-income lawsuit

By: [Robert Stever](#)

Published: July 18, 2016



A federal appeals court in Boston upheld a lower court's dismissal of complaints by participants in several defined contribution plans that Fidelity Investments violated ERISA rules in managing float income as the plans' record keeper.

Float income is money earned from interest-bearing accounts used temporarily by 401(k) plans before plan assets are disbursed when participants move assets among investment options.

The unanimous opinion by a three-judge panel of the 1st U.S. Circuit Court of Appeals supported the April 2015 ruling by U.S. District Court Judge Denise Casper in Boston, who dismissed participants' claims. The judge said float income was not a plan asset, adding that Fidelity was not an ERISA fiduciary in managing float income.

The case, *In Re Fidelity ERISA Float Litigation*, represented a consolidation of several similar float-income cases filed against Fidelity by participants in seven 401(k) plans — including EMC Corp., Bank of America Corp. and General Motors Co. — as well as by Columbia Air Services Inc., the administrator of the Columbia Group of Companies 401(k) Retirement Savings Plan.

The defendants were several Fidelity units managing trust agreements, providing investment advice and acting as transfer agent for Fidelity mutual funds.

"It is notable that the participants are joined as plaintiffs by only one plan administrator," said the appeals court decision issued July 13. "Thus, whatever mischief the participants see in defendants' actions, the concern apparently is shared only half-heartedly by the plans themselves. That is likely because the behavior complained of (by plaintiffs) is nothing other than what the plans expected."

Original Story Link: <http://www.pionline.com/article/20160718/ONLINE/160719900/appeals-court-upholds-dismissal-of-fidelity-float-income-lawsuit>

This copy is for your personal, non-commercial use only. Reproductions and distribution of this news story are strictly prohibited.

To order presentation-ready copies for distribution to your colleagues, clients or customers and/or request permission to use the article in full or partial format please contact our Reprint Sales Manager at 732-723-0569.

- [View reprint options](#)
- [Order a reprint article now](#)

Copyright © 2016 [Crain Communications Inc.](#) All Rights Reserved.

[Privacy Policy](#) | [Terms & Conditions](#)